



## Congressional Op-Eds

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## **With Gambling, Personal Freedom Is Always the Best Bet, Says Barney Frank**

***By Rep. Barney Frank***

June 1, 2009

There is one major reason that leads me to oppose the ban on Internet gambling: It is an activity that adult Americans enjoy and that does no conceivable harm to anybody else.

There are people who believe that it is appropriate to use the law to impose on others personal, religious, or moral tenets, whether or not they deal with behavior that impinges on others. Obviously, society has an obligation to enforce those aspects of morality that protect people from others. Murder, robbery, fraud, and arson, for example, should be harshly prosecuted. But personal behavior that harms no one ought to be within the sphere of personal autonomy.

Some antigambling advocates inaccurately assert that if we do not outlaw gambling, we are encouraging it. The notion that human activity should be divided between those things that are illegal and those things that the government should be considered to be encouraging is a dire threat to liberty. The vast majority of human activities should be neither encouraged nor outlawed by the government but rather be left entirely to the choice of free individuals.

Several other negative arguments exist. The least serious comes from the professional sports leagues, which express their horror that if Internet gambling were allowed, people might actually bet on sports games. The bill I proposed prohibits betting on sports through the Internet, but the notion that the people who run professional sports leagues are shocked by the idea that people might actually bet on their games has to rank as one of the least credible in human history. Indeed, one of the major shortcomings of the current law is precisely that it prohibits human behavior that in fact harms no one. Thus, it winds up doing more to discredit the law than to discourage the activity.

This also applies to one of the worst arguments I ever heard made by one of the best members of Congress with whom I have served. He said on the floor of the House when this bill was first voted on that it was legitimate to ban Internet gambling because it added nothing to the gross domestic product. The notion that individual choices and personal freedom have to be justified on the grounds that they contribute to the gross domestic product is of course a serious threat to individual liberty.

More serious is the argument that online gambling could lead to underage people getting themselves into trouble financially. Fortunately, we do have ways of requiring that activities accessible through the Internet have an enforceable age limit. If we were to prohibit from the Internet anything that people under a certain age should not do and could abuse, the Internet would be a very boring place. If we were to ban every activity that is suitable only for adults because of the possibility that some underage people

might access these activities, we would have substantially diminished our freedom as adults.

Moreover, Congress is now reforming credit card practices in measures meant to severely restrict credit cards being sent to college students and further reduce the likelihood of credit card debt for people under 18.

(Even if Internet gambling is not allowed, young people with unrestricted access to credit cards will very often find ways to get themselves into a lot of trouble.)

There is also the argument that adults can become addicts. The principle here is the same as with regard to young people: To ban an activity in which the great majority of adults are able to engage responsibly because a small percentage will abuse it is to diminish freedom. Those who are addicted are the ones most likely to engage in the activity whether or not it is illegal, so the legal prohibition generally prevents more legitimate use of any activity than the abuse of it.

Finally, we were told by the Bush administration that online gambling was a problem because it could lead to drug-money laundering and smuggling for terrorists. There is, of course, virtually no evidence of this. The Bush administration owed its religious conservative base opposition to gambling, and it is, naturally, a problem for some conservatives who profess to be critical of the "nanny state" to justify this extreme example of nannyism. So we got this argument thrust at us about drug smuggling and terrorism. In fact, that same argument could apply to virtually anything done on the Internet because you could use any legitimate activity for such a cover: There have been cases of which I am aware of organized crime opening up bricks-and-mortar cleaning establishments solely for that purpose, and in one case, I remember the annoyance of those who were running the place at the fact that potential customers actually were bringing in dirty clothes and asking that they be cleaned.

We have regulations in the legislation that can be enforced, as well as many others that require that any group taking Internet bets must be a legitimate organization and [account](#) for all of its funding in ways that will prevent any sort of drug activity or terrorist conduct.

Finally, there are two blatant contradictions in the position of those conservatives who push to outlaw Internet gambling. First, it is the most glaring example we have of interfering with freedom on the Internet. Second, to those who claim to be unhappy with the intrusiveness of the "nanny state," there is no stronger case than for a nanny government insisting we be "better" people by reducing our freedom.

On this issue, there is a very clear case for the citizen's right to be left alone.



## **Protect online gamblers, collect tax revenues**

***By Rep. Jim McDermott***

March 11, 2008

As members of Congress, we have a duty and responsibility to act in the best interests of the American people. That's the outcome I see with passage of new legislation that I introduced as a companion bill to Rep. Barney Frank's (D-Mass.) proposal regarding Internet gambling.

Today, countless Americans are wagering online — but offshore, because Congress made Internet gambling illegal just a couple of years ago, with virtually no debate or hearings. The net result is that Americans have no protection when they wager online and Americans are vulnerable to scams and unscrupulous operators. I think Congress should do something about that.

We all recognize that the Internet presents emerging opportunities in commerce and entertainment, but we also know there are dangers lurking online. That's why we have taken thoughtful steps in recent years to bring a delicate measure of regulation to online activities in order to protect the American people.

What's more, the U.S. Treasury is losing billions in revenue every year from offshore gambling because we cannot enforce existing tax laws. In good economic times we might see that as an unfortunate oversight, but in bad economic times, like now, we should see it as totally unacceptable.

H.R. 2607, the Internet Gambling Regulation and Tax Enforcement Act, would protect Americans even as it restores tax fairness. Currently, all of the legal online gambling companies are based outside the U.S. and thus are not subject to U.S. taxation. Under my proposal, however, a condition to be licensed to conduct business in the U.S. would be a requirement that each licensee submit to U.S. jurisdiction to ensure the ability of the U.S. to enforce payment of all taxes due — including state taxes, generating new revenues for any state that chooses to allow Internet gambling under the federal license.

Preliminary revenue estimates prepared by the respected accounting firm PricewaterhouseCoopers indicate that regulating Internet gambling could generate between \$3.1 billion and \$15.2 billion in federal revenues during the first five years, and between \$8.7 billion and \$42.8 billion over the first 10 years. Additional revenue to the federal government would come from income tax on the operators' profits and on the winnings of individual gamblers.

Since the legitimate companies will be required to subject themselves to U.S. law and pay U.S. taxes, they have a strong incentive to help us go after the renegades in the industry who try to operate outside our laws. This level of cooperation will only enhance our ability to protect Americans.

Interestingly enough, experts who have looked at the type of protections against compulsive gambling and underage gambling incorporated in the proposed legislation have concluded that they would be more stringent than those currently in place for brick-and-mortar casinos.

Further, our current prohibition on Internet gambling has placed us in the middle of a trade dispute with the World Trade Organization. Several nations that allow Internet gambling argue that our inflexible stance infringes on free trade, and they now are seeking legal remedies to force us to change course.

Prohibition in various guises has failed before and is failing once again. Americans are gambling online today, but more than money is being wagered because they are gambling in an unprotected, unregulated and largely unknown world. We should regulate Internet gambling to protect the American people and rightfully collect billions in lost tax revenue that could help us fund important programs that benefit people.

We have an opportunity to correct a legislative misstep and to simultaneously fund programs important to all of us. Let's seize this opportunity.



## **WEB GAMBLING: TAX, DON'T BAN**

***By Reps. Steve Israel & Peter King***

August 14, 2007

The Treasury Department is charged with a number of law-enforcement jobs - protecting the president, investigating counterfeit money, tracking terrorist financing and more. But now, thanks to a legislative "rider" passed last year, Congress has told Treasury officials to spend their time and resources going after something far more trivial - people who play cards from their home computers.

Frankly, federal law-enforcement officials have bigger fish to fry.

In the final hours before Congress went out of session last October, anti-gambling lobbyists got their "Unlawful Internet Gambling Enforcement Act" attached to our port-security bill. The move allowed their measure to ride the coattails of our vital legislation and become law.

The ban on Internet gambling is misdirected - and it's also probably unenforceable. People will still gamble on the Web, just without the protections that a legal framework could provide to ensure age-verification and protection against fraud. And online gambling now generates \$13 billion a year; under the ban, online gamblers won't send a portion of that cash in tax dollars to the Treasury - instead, it'll go to scam artists and gray market entrepreneurs.

The Internet poses new challenges and problems. When the music industry ignored the massive and growing consumer desire to access songs online, a piracy industry blossomed. Similarly, our bans on Internet gambling have been effective only in pushing the business off U.S. shores and out of the hands of scrupulous businesses. By contrast, simply taxing Web betting would generate significant revenues that could be used for a variety of domestic priorities.

Of course, some serious issues need to be addressed. Children, gambling addicts and those who would try to use gambling sites for illicit purposes absolutely need to be restricted from these Web sites. But it is far easier to put in common-sense protections when the industry is controlled by law-abiding businesses than when it operates as an illegal market. Thankfully, technology now allows companies to address these issues. In Britain, where Internet gambling is legal and regulated, technology checks ensure that gamblers are of age and are not problem gamblers; watch lists work to prevent money-laundering.

The Internet Gambling Regulation and Enforcement Act, which we've cosponsored, uses fines and revokes licenses for Web sites that don't sufficiently police against improper use. That's the right approach. Rather than simply repeal the ban on Internet gambling, our Internet Gambling Regulation and Enforcement Act would create a regulatory framework that ensures operators are licensed and protects consumers against underage gambling, compulsive gambling, money-laundering, identity theft and fraud.

In the end, there is the question of how much we want government to be involved in our private lives: For many, playing poker with friends on the Internet is a way to unwind at the end of the day. Technology aside, Web gambling isn't so different than the way Americans have relaxed and enjoyed the company of friends for decades.

Years ago, the Treasury's Secret Service agents used to help Harry Truman put poker games together in the White House. Now they'd be locking him up.

*Reps. Steve Israel, a Democrat, and Peter King, a Republican, represent Long Island.*